

Weekly Economic Update

13 March 2017



FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7,343, down 0.3%. The UK 10 year gilt yield moved from 1.19% to 1.23%.
- The pound has strengthened this morning as markets anticipate the imminent triggering of Article 50 which will allow formal negotiations on the UK's exit from the EU to begin. The Brexit bill has returned to the House of Commons following proposed amendments by the House of Lords and Theresa May's government will be hopeful of a swift agreement between the 2 houses.
- The first minister of Scotland, Nicola Sturgeon, has suggested that the end of 2018 could be the right time for Scotland to hold a 2nd referendum on independence from the UK.

GLOBAL

- Global equities were relatively unchanged as markets await an increase in interest rates in the US.
- Payrolls data revealed by the US labour department on Friday showed an increased of 235,000 workers in employment in February which was more than forecasts suggested. The unemployment rate fell to 4.7% and the participation reached 63%. Wage growth also reached an annualised rate of 2.8%, prompting speculation that the Federal Reserve (Fed) will increase the pace of monetary policy tightening. The US 10 year treasury yield climbed to close the week at 2.57% and US equities recovered some of the losses from earlier in the week. The Fed is expected to raise interest rates this week for the 3rd time since December 2015.
- The European Central Bank (ECB) announced on Thursday that monetary policy was being left unchanged. The ECB removed the statement regarding using 'all available instruments' for policy easing and president, Mario Draghi, spoke of a lower urgency over further action. Draghi also stated that deflation risks are no longer an immediate concern as the forecast for inflation was raised from 1.3% to 1.7% for 2017. The euro strengthened after the press conference.
- China's target for GDP growth has been reduced to 6.5% for 2017, from the 6.5-7% target in 2016. The 6.7% growth in 2016 was the slowest for 26 years. Imports in China grew by 38.1% in the year to February. Exports fell by 1.3% during the same period, meaning their first trade deficit (in dollar terms) in February for 3 years. The yuan weakened against the dollar for the 2nd successive week.
- Oil prices fell significantly last week to below \$50 per barrel as the rig count in the US continued to climb. Stockpiles in the US increased for the 9th successive week to a record high. The sharp decline in the oil price was a contrast to the stability seen since the agreement of the Organisation of the Petroleum Exporting Countries to limit production at the end of last year.
- The general election for leadership of the Netherlands' government is taking place on Wednesday. With votes expected to be split across parties, it is likely that some form of coalition will run the next government. Geert Wilders' far-right party has become increasingly popular, with their anti-establishment and anti-immigration policies drawing similarities to themes behind Brexit and Donald Trump's appointment.

Equity Markets	Index Level 10 Mar 17	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3997	1.2%	4.0%	25.2%
FTSE 100	7343	1.2%	3.7%	26.5%
FTSE 250	18961	1.1%	5.2%	19.0%
MSCI World	1846	2.5%	7.4%	39.2%
S&P 500	2373	2.5%	8.0%	43.0%
DAX	11963	3.7%	6.9%	40.9%
Nikkei 225	19605	2.0%	5.7%	34.2%
Hang Seng	23569	1.3%	9.0%	43.8%
MSCI World EM	926	1.0%	9.1%	41.2%

Bond Markets	Yield 10 Mar 17	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	1.55	-1.0%	0.3%	6.1%
FTA All Stock ILG Index	-1.67	-0.8%	0.4%	17.7%
FTA Over 5 Year ILG Index	-1.67	-0.9%	0.3%	19.5%
FTA Under 5 Year FIG Index	0.25	-0.1%	0.2%	1.6%
FTA Over 15 Year FIG Index	1.78	-1.8%	-0.1%	10.8%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	10 Mar 17	28 Feb 17	31 Dec 16	10 Mar 16
UK 10 Year Gilt Yield	1.23	1.15	1.24	1.54
UK 15 Year Gilt Yield	1.60	1.50	1.63	2.04
US 10 Year Treasury Yield	2.57	2.39	2.44	1.93
German 10 Year Yield	0.49	0.21	0.21	0.31
Spanish 10 Year Yield	1.89	1.66	1.38	1.59
Greek 10 Year Yield	7.09	7.06	7.02	8.94
Japan 10 Year Yield	0.09	0.05	0.04	-0.02

Currencies Exchange Rate	10 Mar 17	31 Jan 17	31 Dec 16	10 Mar 16
	GBP / USD	1.22	1.24	1.23
GBP / EURO	1.14	1.17	1.17	1.28
GBP / YEN	139.78	139.00	144.01	161.21

Commodities	Price Level	Price Level	Price Level	Price Level
	10 Mar 17	31 Jan 17	31 Dec 16	10 Mar 16
Oil - WTI \$	48.49	54.01	53.72	37.84
Gold \$	1,204.73	1,248.33	1,152.27	1,272.26
Wheat \$	422.75	424.75	408.00	471.50

Source: Mobius Life, Bloomberg
Please Note: Past performance is not a guide to future performance

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Weekly Economic Update

Upcoming Data Releases



Date	Region	Event	Survey	Actual	Prior
13/03/2017	JN	Tertiary Industry Index MoM	0.10%	0.00%	-0.40%
13/03/2017	IT	Industrial Production MoM	-0.80%	-2.30%	1.40%
14/03/2017	GE	CPI YoY	2.20%	--	2.20%
14/03/2017	SP	CPI YoY	3.00%	--	3.00%
14/03/2017	GE	ZEW Survey Current Situation	78.0	--	76.4
14/03/2017	GE	ZEW Survey Expectations	13.0	--	10.4
14/03/2017	US	PPI Final Demand MoM	0.10%	--	0.60%
15/03/2017	JN	Industrial Production MoM	--	--	-0.80%
15/03/2017	FR	CPI YoY	1.20%	--	1.20%
15/03/2017	UK	Jobless Claims Change	--	--	-42.4k
15/03/2017	UK	ILO Unemployment Rate 3Mths	4.80%	--	4.80%
15/03/2017	IT	CPI EU Harmonized YoY	1.60%	--	1.60%
15/03/2017	US	MBA Mortgage Applications	--	--	3.30%
15/03/2017	US	CPI MoM	0.00%	--	0.60%
15/03/2017	US	Retail Sales Advance MoM	0.10%	--	0.40%
15/03/2017	US	FOMC Rate Decision (Upper Bound)	1.00%	--	0.75%
16/03/2017	UK	Bank of England Bank Rate	0.25%	--	0.25%
16/03/2017	US	Housing Starts	1260k	--	1246k
16/03/2017	US	Initial Jobless Claims	240k	--	243k
17/03/2017	US	Industrial Production MoM	0.20%	--	-0.30%
17/03/2017	US	U. of Mich. Sentiment	97.0	--	96.3

Source: Bloomberg

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